



South Carolina Commission on Higher Education

Mr. Kenneth B. Wingate, Chair
Dr. Bettie Rose Horne, Vice Chair
Ms. Natasha M. Hanna
Ms. Elizabeth Jackson
Dr. Raghu Korrapati
Ms. Leah B. Moody
Vice Admiral Charles Munns, USN (ret.)
Mr. Kim F. Phillips
Mr. Y. W. Scarborough, III
Dr. Jennifer B. Settlemeyer
Mr. Rodney A. Smolla
Mr. Hood Temple
The Honorable Lewis R. Vaughn

Ms. Julie J. Carullo
Acting Executive Director

CAAL
9-6-12
Agenda Item 7

September 6, 2012

MEMORANDUM

To: Dr. Bettie Rose Horne, Chair, and Members, Committee on Academic Affairs and Licensing

From: Dr. T. Michael Raley, Director of Academic Affairs and Licensing 

Consideration of Operating Budget for the SmartState Program, Fiscal Year 2012-2013

Background

Attached please find the proposed fiscal year 2012-2013 operating budget approved by the SmartState Review Board, at its June 11, 2012, quarterly meeting. As required by statute, the operating budget must be submitted to the Commission for approval. The SmartState Review Board is charged with overseeing the SmartState Program and with annually providing the Commission on Higher Education "a schedule by which applications for funding are received and awarded on a competitive basis" (S.C. 2-75-10). The Commission must also approve the program's annual operating budget: "all necessary funds for the prudent operation of the board..." (S.C. 2-75-70).

The SmartState Review Board issued no awards during fiscal year 2011-2012. An 2010-2011 RFP for SmartState Commerce Awards in the amount of \$6 million remains open, pending input from the South Carolina Secretary of Commerce. The Review Board has issued an RFP for Standard SmartState Awards during fiscal year 2012-2013.

To date, the SmartState Review Board has awarded \$191.6 million for the creation of 48 Centers of Economic Excellence and 86 specialized endowed professorships.

The proposed 2012-2013 SmartState operating budget holds at the 2011-2012 approved budget level of \$849,284. Authorization to expend this amount was approved by the General Assembly as part of the 2012-2013 state budget. Overall individual budget line decreases include \$590 for the program marketing contract, \$5,113 for general contractual services, \$38,251 for Council of Chair activities, \$5,000 for supplies and equipment, \$1,522 for office rent, and \$3,000 for staff travel and conferences. Overall individual budget line increases include \$5,349 and \$1,496 for CHE personnel wage and contribution increases, respectively; \$1,250 for the external audit contract; and \$45,000 for external consultants.

Recommendation

The staff recommends that the Committee on Academic Affairs and Licensing commend favorably to the Commission the annual operating budget as approved by the SmartState Review Board for FY 2012-13, contingent upon the SmartState Review Board's reconsideration of the "Marketing Contract" budget line, which was impacted by the passage of Proviso 6.20, which states, "The Commission on Higher Education is prohibited from expending any source of funds on the marketing of the SmartState Program." Staff further recommends that, following reconsideration by the SmartState Review Board, the revised budget will be advanced to the Commission at its most subsequent meeting.



S.C. CENTERS OF ECONOMIC EXCELLENCE: PROPOSED OPERATING BUDGET FY 2013

Object of Expenditure (SCEIS code in parentheses)		FY 2011 – 2012 Approved	FY 2012 - 2013 Proposed	Increase/ [Decrease]
Personal Services (501)		178,304	183,653	5,349
Contractual Services (502)				
	Auditor Contract	26,250	27,500	1,250
	Consultants	5,000	50,000	45,000
	Marketing Contract	160,590	160,000	(590)
	Advertising / Publishing	10,000	10,000	—
	Other Contractual Services	10,000	4,887	(5,113)
	Council of Chairs Activities	63,251	25,000	(38,251)
Subtotal Contractual Services		275,091	277,387	2,296
Supplies / Equipment (503)		15,000	10,000	(5,000)
Fixed Costs (504)				
	Dues/Memberships	1,141	1,522	381
	Equipment Leases	824	824	—
	Facilities Rental	551	551	—
	Liability Insurance	2,000	2,000	—
	Office Rent	13,447	11,925	(1,522)
Subtotal Fixed Costs:		17,963	16,822	(1,141)
Staff Travel & Conferences (505)		13,000	10,000	(3,000)
Employer Contributions (513)		49,926	51,422	1,496
Inst. Admin. Asst. Funds (517)		300,000	300,000	—
SUBTOTAL OPERATING:		849,284	849,284	—